

Message Text

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60

ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 ISO-00 AGR-05 COME-00 TRSE-00

XMB-02 OPIC-03 AID-05 SSO-00 NSCE-00 INRE-00 CIAE-00

DODE-00 PM-04 H-02 INR-07 L-03 NSAE-00 NSC-05 PA-01

PRS-01 SP-02 SS-15 USIE-00 /081 W

----- 022135

O 261929Z JUL 76

FM AMCONSUL RIO DE JANEIRO

TO SECSTATE WASHDC NIACT IMMEDIATE 3952

INFO AMEMBASSY BRASILIA IMMEDIATE

AMEMBASSY BOGOTA IMMEDIATE

AMEMBASSY LONDON IMMEDIATE

AMEMBASSY SAN SALVADOR IMMEDIATE

AMCONSUL SAO PAULO IMMEDIATE

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E.O. 11652: N/A

TAGS : EAGR ETRD BR

SUBJECT : BRAZILIAN PURCHASE OF EL SALVADOR COFFEE

REF: STATE 184181, BRASILIA 6396

SUMMARY. PRESIDENT OF IBC TOLD CONGEN OFFICERS THAT BRAZILIAN ATTEMPT TO BUY COFFEE FROM EL SALVADOR WAS NOT UNUSUAL METHOD OF SUPPLYING BRAZILIAN SOLUBLE INDUSTRY WITH SUAVE TYPE COFFEE. EMBASSY CONCURS IN THIS MESSAGE. END SUMMARY.

1. PURSUANT TO EMBASSY REQUEST, CONGEN OFFICERS CALLED ON CAMILLO CALAZANS, IBC PRESIDENT, ON JULY 26 AND MADE POINTS CONTAINED IN RE REFTEL STATE 184181.

2. CALAZANS EXPLAINED THAT BRAZIL TRADITIONALLY PURCHASES SUAVE TYPE COFFEE FROM CENTRAL AMERICA TO SUPPLY BRAZILIAN SOLUBLE INDUSTRY. BRAZIL HAD MADE SUCH PURCHASES IN 1974 AND PREVIOUS
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YEARS, ALTHOUGH NOT IN 1975. EL SALVADOR CURRENTLY HAS 400,000

BAGS OF COFFEE REMAINING FROM LAST YEAR'S HARVEST. GENERAL FOODS HAS PURCHASED 200,000 OF THESE BAGS AND BRAZIL IS NOW NEGOTIATING PURCHASE OF 100-200 THOUSAND BAGS.

3. CALAZANS SHOWED CONGEN OFFICERS RECORD OF JULY INTERNATIONAL COFFEE MARKET QUOTATIONS. PRICES HAD FALLEN STEADILY THROUGHOUT MONTH FINALLY RISING SLIGHTLY LAST FRIDAY (JULY 23). ACCORDING TO CALAZANS, THIS PRICE BEHAVIOR DEMONSTRATED THAT THE IBC WAS NOT ENGAGED IN ANY MARKET MANIPULATIONS. CALAZANS STATED THAT ONE OF THE PURPOSES OF NEW INTERNATIONAL COFFEE AGREEMENT WAS TO AVOID SUCH VIOLENT PRICE MOVEMENTS. CALAZANS ADDED THAT RAPID RISES AND DECLINES IN COFFEE PRICES DO NOT BENEFIT CONSUMERS OR PRODUCERS.

4. CONGEN DELIVERED TO CALAZANS PAPER OUTLINING US CONCERNS ON THIS MATTER:

BEGIN TEXT. THE UNITED STATES GOVERNMENT IS CONCERNED OVER REPORTS OF ATTEMPTS BY THE INSTITUTO BRASILEIRO DO CAFE (IBC) TO PURCHASE COFFEE THAT WOULD OTHERWISE BE DESTINED FOR CONSUMER MARKETS. THIS NEWS MAY HAVE A SUBSTANTIAL IMPACT ON COFFEE MARKETS AND MOREOVER OCCURS JUST AS CONGRESSIONAL HEARINGS ON THE NEW INTERNATIONAL COFFEE AGREEMENT (ICA) ARE TAKING PLACE (JULY 27).

THE US GOVERNMENT IS NOT RPT NOT AWARE OF THE COMMERCIAL REASON FOR THE PROPOSED PURCHASE. AS WE UNDERSTAND, THE IBC HOLDS SUFFICIENT STOCKS TO ASSURE THE AVAILABILITY OF COFFEE FOR DOMESTIC CONSUMPTION.

IN THE LIGHT OF THE FREQUENT EXCHANGES BETWEEN OUR GOVERNMENTS ON THIS MATTER, WE BELIEVE THAT BRAZIL MAY APPRECIATE THAT SUCH PURCHASES WOULD NOT BE IN CONFORMANCE WITH THE SPIRIT OF MUTUAL COOPERATION AND THE BASIC CONCEPTS UNDERLYING THE INTERNATIONAL COFFEE AGREEMENT.

IN THE EVENT THAT SUCH PURCHASES HAVE A SUBSTANTIAL IMPACT ON COFFEE MARKETS, THE UNITED STATES WILL HAVE TO CONSIDER RAISING THESE POINTS AT THE COFFEE COUNCIL SESSION IN SEPTEMBER. END TEXT.

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5. EMBASSY IS MAKING PARALLEL PRESENTATION TO FOREIGN MINISTRY. DEXTER

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Message Attributes

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Draft Date: 26 JUL 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: coburnhl
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Enclosure: n/a
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